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2 legal

BEFORE THE
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION

DOCKET NO. 2002-104-S



In Re:)
)
Application of Moore Sewer)
Inc. For Adjustment of Rates)
And Charges for the Provision)
of Sewer Collection and for)
Approval of Certain Contractual)
Relationships)

TESTIMONY OF WILLIAM G.
TEICHMAN

(Revised
per
WGR)

POSTED
9-5-02 de

1 Q. Would you please tell the Commission your name and business address.

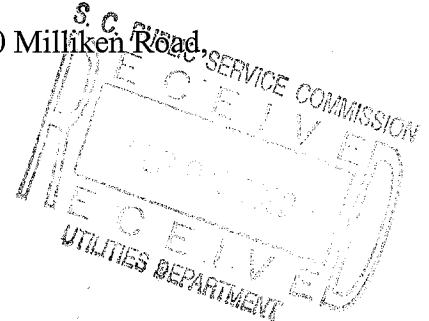
2 A. My name is William G. Teichman and my business address is 110 Milliken Road.
3 Spartanburg, SC 29303.
4

5 Q. By whom are you employed and in what capacity?

6 A. I am the sole shareholder of Moore Sewer, Inc. ("Moore Sewer" the "Applicant" or the
7 "Company"). I manage Moore Sewer and am responsible for its day-to-day operations.
8

9 Q. What is your training and work experience?

10 A. I served in the United States Navy from 1967 until 1992, retiring as a Petty Officer -
11 First Class. While in the Navy I held a variety of managerial posts, including
12 maintenance shop manager, security officer, brig officer, and head of the office
13 management division. In 1992, I went to work for the Roto-Rooter Service Company in
14 Connecticut as a service technician. In June of 1993, Roto-Rooter contracted with me



1 to run and manage its Spartanburg Division, which included all Roto-Rooter operations
2 for Spartanburg, Union, and Cherokee Counties. In that capacity, I oversaw a 10-
3 employee operation with 7 trucks. In October of 1995, my wife and I formed Operation
4 Drains, Inc. for the purpose of providing drain cleaning and emergency plumbing
5 services to residential and commercial customers in the Spartanburg, Greenville and
6 Cherokee County service areas. Operation Drains currently has fourteen (14) employees
7 and runs twelve (12) service vehicles, including 11 vans and a jet truck.

8
9 **Q. What are your job responsibilities in your current position?**

10 A. My responsibilities include the day-to-day management and oversight of Moore Sewer's
11 wastewater collection operations, contracting for the provision of any necessary
12 engineering services, and supervision of environmental compliance. Additionally, I
13 function as the business manager for Moore Sewer and am involved with customer,
14 vendor and contractor relations. I also assist my wife with necessary billing and
15 bookkeeping information.

16
17 **Q. What is the purpose of your testimony in this proceeding?**

18 A. The purpose of my testimony is to provide the Commission with an overview of the
19 Applicant and its operations, describe the contractual relationships for which Moore
20 Sewer seeks approval, and explain the need for the Company to establish one or more
21 collection rates.

1 **Q. Are there any exhibits which you would like to incorporate into your testimony at**
2 **this time?**

3 A. Yes there are. At this time, I would like to incorporate the Application filed in this
4 proceeding with the Commission along with all of its accompanying exhibits.

5
6 **Q. What are the authorized service areas of Moore Sewer?**

7 A. Moore Sewer is currently authorized to serve the Linville Hills Subdivision and the
8 Madera Subdivision. The Linville Hills Subdivision is located in Moore, South
9 Carolina, in Spartanburg County, and currently has approximately 300 taps. The
10 Madera Subdivision is also located in Spartanburg County, and has approximately 90
11 taps.

12
13 **Q: Please describe briefly how Moore Sewer came to own and operate the sewerage**
14 **systems for Linville Hills and Madera.**

15 A: In both cases, Moore Sewer agreed to assume control of the systems because the
16 previous owners had requested plumbing and drain cleaning services first from Roto-
17 Rooter and then from Operation Drains. The Commission approved Moore Sewer's
18 assumption of the Linville Hills Subdivision by Order No. 2001-243 issued in Docket
19 No. 1999-397-S. The Commission approved the transfer of the Madera Subdivision to
20 Moore Sewer by Order No. 2001-393 in Docket No. 2001-99-S.

1 **Q: Please describe the plant and facilities which comprise that portion of the Linville**
2 **Hills sewer system owned and operated by Moore Sewer.**

3 A: The Linville Hills sewerage system includes 11,000 feet of six (6) and eight (8) inch
4 drain pipe, approximately three hundred (300) taps, and approximately thirty-four (34)
5 to thirty-six (36) man holes.

6
7 **Q: Please describe the plant and facilities which comprise that portion of the Madera**
8 **Subdivision sewer system owned and operated by Moore Sewer.**

9 A: The Madera sewerage system includes twenty-five (25) manholes, and 5,675 feet of
10 eight-inch drainpipe and approximately 90 taps.

11
12 **Q. How many customers and of what type does Moore Sewer currently serve?**

13 A. The Company currently serves approximately 263 customers in the Linville Hills
14 Subdivision, and 188 customers in the Madera Subdivision, all of which are residential.

15
16 **Q: Please describe some of the upgrades and changes to the Linville Hills system you**
17 **have made since becoming its owner and operator.**

18 A: I have rebuilt the two aeration pumps and replaced a 3-phase transformer to power these
19 pumps, located at the treatment lagoon. In addition, I have replaced the flow meter on
20 the back of the treatment lagoon, and have been working on clearing accumulated brush
21 and foliage from around the treatment lagoon. Further, I have done a great deal of fence
22 repair and maintenance. Also, to satisfy DHEC's consent order, I have installed of 1200

1 feet of sewer pipe and nine (9) manholes. I would very much like to continue to
2 concentrate my efforts on the maintenance tasks set out above, as well as other projects,
3 but the Company simply does not have the financial ability to do so without an adequate
4 collection rate.

5
6 **Q: Please describe some of the upgrades and changes to the Madera Subdivision**
7 **system you have made since becoming its owner and operator.**

8 A: I have jet-cleaned the system and cleaned manholes in the subdivision. I have
9 completed Phase I and begun Phase II for the closure of the lagoon, as required by
10 DHEC. However, our ability to provide maintenance has been severely limited by our
11 inability to collect any rate from our Madera customers, as more fully set out below.

12
13 **Q: What Commission-approved rates is Moore Sewer authorized to charge?**

14 A: Moore Sewer is authorized to charge a flat-rate for sewer (treatment and collection) of
15 \$17.50 in the Madera Subdivision, per Commission Order 90-31 issued in Docket No.
16 88-45-S. However, since September 1, 2001 (the date upon which Moore Sewer ceased
17 providing sewerage treatment services to Madera customers) Moore Sewer has charged
18 its Madera customers nothing, in conformance with our understanding of a Commission
19 Staff member's opinion that it would be improper for Moore Sewer to continue to
20 charge its approved rate. With respect to Linville Hills, Moore Sewer charges a flat
21 rate for sewer (treatment and collection) of \$28.50, as approved by Order No. 2001-243
22 issued in Docket No. 1999-397-S.

1 **Q: What requirements applicable to Moore Sewer have precipitated its application in**
2 **this Docket?**

3 A: Moore Sewer's National Pollution Discharge Elimination System ("NPDES") permits
4 for both Linville Hills and Madera require the Company to phase out its lagoon
5 treatment facilities and "tie-on" to the Spartanburg Sanitary Sewer District ("SSSD")
6 interceptor sewer line, in order that wastewater be treated at the North Tyger
7 Wastewater Treatment Facility. These permit requirements were originally imposed on
8 the previous owners of Madera and Linville Hills. Further, failure to tie-on to the SSSD
9 system constitutes a violation of the Company's NPDES permits, as well as one or more
10 Consent Orders that Moore Sewer executed with the South Carolina Department of
11 Health and Environmental Control ("DHEC"). Put simply, Moore Sewer is being
12 forced to cease serving the public as a treatment utility, and become a collection-only
13 utility.

14
15 **Q: Please describe the contractual arrangement relating to the Madera Subdivision**
16 **for which Moore Sewer seeks Commission approval *nunc pro tunc*.**

17 A: On September 1, 2001, Moore Sewer tied on to the SSSD line, in order to comply with
18 the Consent Order provisions imposed by DHEC. Accordingly, the SSSD now provides
19 treatment services for Moore Sewer's Madera customers. The terms and conditions
20 under which SSSD provides treatment services are set out in the documents attached as
21 **Exhibit One.** As set out therein, Moore Sewer's customers in the Madera Subdivision
22 pay SSSD a usage fee of \$1.32 per 100 cubic feet of water. In addition, customers pay

1 the City of Spartanburg \$0.93 per 100 cubic feet of water to reimburse the City for its
2 sewage pumping station located in the area once occupied by the now-defunct Moore
3 Sewer treatment lagoon. Therefore, Madera customers now pay a total of \$2.25 per
4 100 cubic feet for wastewater treatment services.

5
6 **Q: How are customers in the Madera Subdivision billed for sewerage treatment?**

7 A: As set out in **Exhibit One**, the Spartanburg Water System includes sewerage treatment
8 charges on the customers' water bill.

9
10 **Q: Please describe the contractual arrangement relating to the Linville Hills**
11 **Subdivision for which Moore Sewer seeks Commission approval.**

12 A: In order to comply with its Consent Order with DHEC applicable to Linville Hills,
13 Moore Sewer has been working vigorously to tie-on to the SSSD system and have the
14 SSSD provide sewerage treatment services by the required date of August 1, 2002.
15 Obviously, that date will have to be extended to accomodate the proceedings in this
16 Docket, and I am working to obtain an extension from DHEC. Under the parties'
17 proposed agreement, a copy of which is attached hereto as **Exhibit Two**, the SSSD will
18 provide wastewater treatment services for Linville Hills.

1 **Q: How will customers in the Linville Hills Subdivision be billed for sewerage**
2 **treatment?**

3 A: The SSSD will bill Moore Sewer for the volume of wastewater discharged from Linville
4 Hills to the SSSD's North Tyger River Wastewater Treatment Plant, at a rate (effective
5 August 1, 2002 as shown by **Exhibit Three**) of \$1.72 per 100 cubic feet, and Moore
6 Sewer will pass those charges on to its customers without markup, assuming
7 Commission approval is granted.

8
9 **Q: How will Moore Sewer allocate the sewer treatment charges assessed by the SSSD**
10 **to its Linville Hills customers?**

11 A: Customers will be billed based on the total volume of wastewater created in the
12 subdivision times the sewer treatment rate quoted above (as it may be adjusted from
13 time to time) divided by the number of customers. Moore Sewer will not mark-up this
14 charge in any manner. This flat-rate method of allocating treatment of charges to
15 customers is consistent with the Company's existing flat rate.

16
17 **Q: Please explain why Moore Sewer requests a collection-only rate structure.**

18 A: As my testimony above demonstrates, the legal requirements of Moore Sewer's NPDES
19 permits have forced the Company to phase out its treatment operations and become a
20 collection-only utility. Because the Company's current rates were approved by the
21 Commission in the context of Moore Sewer (or its predecessor in the case of Madera)
22 providing both treatment and collection of wastewater, the Company requests that the

1 Commission approve collection-only rates, or a single collection-only rate, reflecting the
2 current operation of Moore Sewer.
3

4 **Q. Please explain why the collection-only rate structure is crucial for Moore Sewer.**

5 A. Moore Sewer is or soon will be solely a collection sewer utility. Therefore, the
6 Company's rate structure must reflect its actual operations. Further, as I mentioned
7 previously, Moore Sewer has not collected anything from its Madera Subdivision
8 customers since September 1, 2001, despite the fact that Madera Subdivision customers
9 have received the benefit of Moore Sewer's collection services during that time period.
10

11 **Q: Why is it appropriate for the collection-only rates or single collection rate charged**
12 **by the Company to approximate, equal, or exceed Moore Sewer's current rates?**

13 A: As demonstrated by the Company's financial statements attached to the application, as
14 well the ongoing financial information provided to the Staff in this Docket, operation of
15 the Linville Hills and Madera subdivisions has been quite costly. In fact, my wife and I
16 were forced to mortgage our home in order to pay the capacity fee to the SSSD for
17 Madera. Further, Operation Drains has contributed approximately \$75,000 in labor to
18 Moore Sewer's operations. In summary, my company and I have had to fund
19 substantially Moore Sewer's operations in order to meet the legal requirements imposed
20 upon it. I believe that collection rates or a collection rate commensurate with our
21 current rates are absolutely essential due to the increased costs associated with
22 maintaining this system in 2001 and beyond, as well as the capacity fees and other

1 substantial costs that Moore Sewer has incurred in order to comply with our DHEC
2 Consent Orders.

3
4 **Q: Do you sympathize with customers of Moore Sewer who may face higher rates as a**
5 **result of the proceedings in this Docket?**

6 A: Absolutely. The well-being of our customers is very important to us. Moore Sewer
7 does not relish taking actions that would negatively affect our customers economically.
8 However, I would continue to emphasize that we have been forced to undertake these
9 actions by DHEC, and this compliance has resulted in substantial professional and
10 personal financial distress.

11
12 **Q. Does this conclude your testimony?**

13 A. Yes it does.

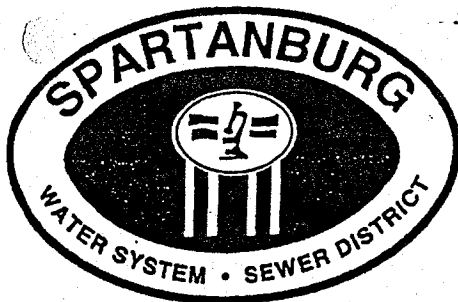
14 G:\APPS\OFFICE\WPWIN\WPDOCS\Moore Sewer\Approval of Contracts\teichmanamendedtestimony.wpd

EXHIBIT ONE

COMMISSION OF PUBLIC WORKS
THE CITY OF SPARTANBURG, S.C.

W. C. Alexander, IV
Linda P. Bilanchone
Myles W. Whitlock, Jr.

Raham W. Rich, General Manager
Jeff G. Schneider, Asst. Gen. Manager
Charles E. Jackson, Engineering Director
Newton Pressley, Finance Director
Jeffrey A. Walker, Tech. Services Director



SPARTANBURG SANITARY SEWER
DISTRICT COMMISSION

W. C. Alexander, IV
Barbara J. Barnes
Linda P. Bilanchone
Louie W. Blanton
A. Manning Lynch, Jr.
James E. Talley
Myles W. Whitlock, Jr.

July 10, 2001

Mr. Bill Teichman
Palmetto Utilities
P.O. Box 2753
Spartanburg, SC 29304-2753

RE: Madera Village Lagoon Closure Agreement

Dear Mr. Teichman,

This correspondence will set out the terms of the Agreement between Palmetto Utilities (the "Owner") and SSSD (the "District"). The District will accept the contents of the Madera Village wastewater treatment facility on the following terms and conditions: .

Prior to any discharge of wastewater into the District's collection system, the Owner will provide an analysis of the wastewater which will include the following parameters: BOD; TSS; pH; oil and grease; and the following metals: cyanide, copper, zinc, lead, mercury and silver.

The District will only accept domestic strength wastewater and the discharge shall not exceed the rate of 100 gpm (144,000 gpd).

The District will not accept any sludge from the lagoon.

For the treatment of the wastewater, the Owner will pay the District at a rate of \$2.25 per 100 cubic feet.

The District will provide for the flow monitoring of the wastewater into its collection system in order to determine the amount of wastewater received. Any costs incurred for conducting this monitoring will be paid by the Owner.

The Owner will complete and submit the District's industrial/non-domestic Wastewater survey and hazardous waste notification forms.

The District will not accept any discharge from the wastewater treatment facility until arrangements have been completed for the billing of the existing sewer customers.

This letter agreement is valid only for the closure of the Madera Village wastewater treatment facility and shall bind the successors and assigns of each party.


In the event the District hires an attorney to enforce the terms of the agreement, the Owner shall pay the District's attorney's fees and other costs.

Page Two
July 10, 2001

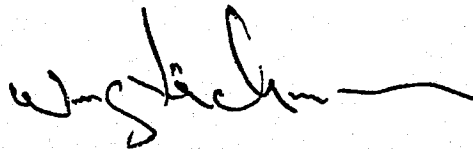
Please indicate your acceptance of the terms of this Agreement by executing the enclosed copy and returning it to us.

Sincerely yours,

SPARTANBURG SANITARY SEWER DISTRICT


Graham Rich
General Manager

Accepted:



Owner

By: William G. Teichman
Its: Owner

2:00 3/27 R. Lane



City Of Spartanburg

P.O. DRAWER 1749 • SOUTH CAROLINA 29304-1749 • (864) 596-2045

ENGINEERING DEPARTMENT

December 4, 2000

Mr. Jack Rogers
Madera Utilities
P. O. Box 1353
Bennettsville, S. C. 29512

Re: Connection to City of Spartanburg Sanitary Sewer System

Dear Mr. Rogers:

We have about finished construction of the sewage pumping station located at the Madera Utilities Lagoon site. After inspection and approval by the South Carolina Department of Health and Environmental Control of the pumping station we will be permitted to place the new system into operation. At that time the system will be available for connection of your sewer collector lines to the City system. If you wish to connect to our system you will be required to pay capacity fees to the City of Spartanburg and to the Spartanburg Sanitary Sewer District based upon the prevailing capacity fee charges. In addition, your customers will have to pay to the City and to the Spartanburg Sanitary Sewer District user charges based upon the water meter readings by each customer.

I have calculated the capacity fees based upon your list of customers provided to me by Mrs. Geraldine Adams which you will find attached. It is my understanding that Westgate Apartments is not now connected to your collection system so I have not included them in your customer list. The capacity fee charges that you will have to pay to connect to our system are determined as follows:

I. City of Spartanburg (see City Capacity Fee Table)

a. Commercial - Quail Point Apartments

15 1 bdrm.	15 x 2 x 100	= 3,000 gpd (gallons per day)
62 2 bdrm.	62 x 3 x 100	= 18,600
20 3 bdrm.	20 x 4 x 100	= 8,000
5 4 bdrm.	5 x 4 x 100	= 2,000
		<u>31,600 gpd + 400 gpd = 79 REU*</u>

*REU - residential equivalent unit - one single family home averages 400 gpd of sewage discharge

capacity fee for 79 REU (See City Table) = \$4,504
where outside the City Limits.

- b. Single Family Residential - 86 each
equal to 1 REU @ \$275 ea.
Capacity fee = $86 \times \$275 = \underline{\$23,650}$

Total City Capacity Fee = \$28,154

II. Spartanburg Sanitary Sewer District (see SSSD table)

- a. Commercial Quail Point Apartments

79 REU = 2,882.92

- b. 86 Single Family Units

$86 \times \$175 = \underline{15,050.00}$

Total SSSD Capacity Fee \$17,932.92

These capacity fees must be paid before you connect to the City System.

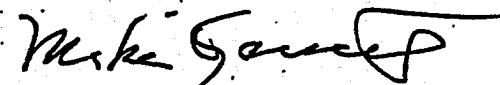
Your customers will also be charged sewer user charges as follows:

for transportation and treatment (SSSD) -	\$1.320/100 c.f.
for collection (City)	<u>0.930/100 c.f.</u>
Total	\$2.250/100 c.f.

These user charges would be billed to your customers by the Spartanburg Water System along with the water bill.

Please contact me and let me know how you wish to proceed. If you have any questions please call.

Very truly yours,



Michael M. Garrett, P.E.
City Engineer

896-2901

cc: Phanes Barno, SSSD

CITY OF SPARTANBURG CAPACITY FEE TABLE

EFFECTIVE OCTOBER 1, 2000

REU	INSIDE	OUTSIDE	REU	INSIDE	OUTSIDE
1	\$165	\$ 275	42	\$1602	\$2712
2	225	378	43	1633	2763
3	286	481	44	1663	2814
4	346	584	45	1693	2865
5	406	687	46	1723	2916
6	447	756	47	1753	2967
7	488	825	48	1784	3019
8	528	893	49	1814	3070
9	569	962	50	1844	3121
10	610	1031	51	1874	3172
11	651	1100	52	1905	3223
12	692	1169	53	1935	3274
13	732	1237	54	1965	3326
14	773	1306	55	1995	3377
15	814	1375	56	2026	3428
16	843	1424	57	2056	3479
17	871	1472	58	2086	3530
18	900	1521	59	2116	3581
19	928	1569	60	2147	3633
20	957	1618	61	2177	3684
21	986	1666	62	2207	3735
22	1014	1715	63	2237	3786
23	1043	1763	64	2267	3837
24	1071	1812	65	2298	3888
25	1100	1868	66	2328	3940
26	1128	1909	67	2358	3991
27	1157	1957	68	2388	4042
28	1186	2006	69	2419	4093
29	1214	2054	70	2449	4144
30	1243	2103	71	2479	4193
31	1271	2151	72	2509	4246
32	1300	2200	73	2540	4298
33	1330	2251	74	2570	4349
34	1360	2302	75	2600	4400
35	1391	2353	76	2618	4426
36	1421	2405	77	2636	4452
37	1451	2456	78	2655	4478
38	1481	2507	79	2673	4504
39	1512	2558	80	2692	4530
40	1542	2609	81	2710	4556
41	1572	2660	82	2729	4582

(continued)

SSSD CAPA0 FEE TABLE
(EFFECTIVE JULY 2, 1992)

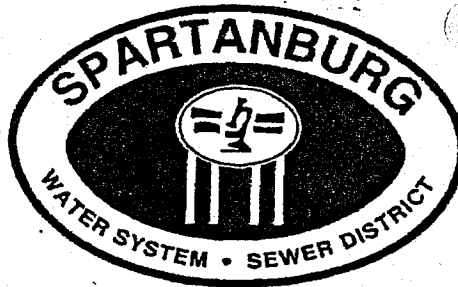
REU's	Inside Subdistrict	Outside Subdistrict	REU's	Inside Subdistrict	Outside Subdistrict	REU's	Inside Subdistrict	Outside Subdistrict
1	175	450	41	1693.04	4353.48	81	2924.38	7480.26
2	240.63	618.75	42	1725.60	4437.20	82	2945.11	7526.97
3	306.26	787.50	43	1758.16	4520.92	83	2965.84	7573.68
4	371.89	956.25	44	1790.72	4604.64	84	2986.57	7620.39
5	437.50	1125	45	1823.28	4688.36	85	3007.30	7667.10
6	481.25	1237.50	46	1855.84	4772.08	86	3028.03	7713.81
7	525	1350	47	1888.40	4855.80	87	3048.76	7760.52
8	568.75	1462.50	48	1920.96	4939.52	88	3069.49	7807.23
9	612.50	1575	49	1953.52	5023.24	89	3090.22	7853.94
10	656.25	1687.50	50	1986.08	5106.96	90	3110.95	7900.65
11	700	1800	51	2018.64	5190.68	91	3131.68	7947.36
12	743.75	1912.50	52	2051.20	5274.40	92	3152.41	7994.07
13	787.50	2025	53	2083.76	5358.12	93	3173.14	8040.78
14	831.25	2137.50	54	2116.32	5441.84	94	3193.87	8087.49
15	875	2250	55	2148.88	5525.56	95	3214.60	8134.20
16	905.88	2329.41	56	2181.44	5609.28	96	3235.33	8180.91
17	936.76	2408.82	57	2214	5693.03	97	3256.06	8227.62
18	967.64	2488.23	58	2246.56	5776.75	98	3276.79	8274.33
19	998.52	2567.64	59	2279.12	5860.47	99	3297.52	8321.04
20	1029.40	2647.05	60	2311.68	5944.19	100	3318.25	8367.75
21	1060.28	2726.46	61	2344.24	6027.91	101	3339.98	8414.46
22	1091.16	2805.87	62	2376.80	6111.63	102	3359.71	8461.17
23	1122.04	2885.28	63	2409.36	6195.35	103	3380.44	8507.88
24	1152.92	2964.69	64	2441.92	6279.07	104	3401.17	8554.59
25	1183.80	3044.10	65	2474.48	6362.79	105	3421.90	8601.30
26	1214.68	3123.51	66	2507.04	6446.51	106	3442.63	8648.01
27	1245.56	3202.92	67	2539.60	6530.23	107	3463.36	8694.72
28	1276.44	3282.33	68	2572.16	6613.95	108	3484.09	8741.43
29	1307.32	3361.74	69	2604.72	6697.67	109	3504.82	8788.14
30	1338.20	3441.15	70	2637.28	6781.39	110	3525.55	8834.85
31	1369.08	3520.56	71	2669.84	6865.11	111	3546.28	8881.56
32	1400	3600	72	2702.40	6948.83	112	3567.01	8928.27
33	1432.56	3683.72	73	2734.96	7032.55	113	3587.74	8975
34	1465.12	3767.44	74	2767.52	7116.27	114	3608.79	9036.49
35	1497.68	3851.62	75	2800	7200	115	3630.08	9097.98
36	1530.24	3934.88	76	2820.73	7246.71	116	3651.37	9159.47
37	1562.80	4018.60	77	2841.46	7293.42	117	3672.66	9220.96
38	1595.36	4102.32	78	2862.19	7340.13	118	3693.95	9282.45
39	1627.92	4186.04	79	2882.92	7386.84	119	3715.24	9343.04

EXHIBIT TWO

THE COMMISSION OF PUBLIC WORKS
OF THE CITY OF SPARTANBURG, S.C.

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SPARTANBURG SANITARY SEWER
DISTRICT COMMISSION

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Myles W. Whitlock, Jr.

March 13, 2002

Mr. Bill Teichman
Moore Sewer, Inc.
P. O. Box 2753
Spartanburg, SC 29304-2753

RE: Linville Hills Sewer Line
Service Agreement

Dear Mr. Teichman,

Find enclosed two copies of the service agreement explaining the terms and conditions under which the Spartanburg Sanitary Sewer District will allow for the connection of and provide sewer service to Linville Hills and Country Side Mobile Home Park. Please execute and have witnessed the both copies of the document and return to my attention for presentation to the District Commission. I was contacted yesterday by attorney Jack Pringle who expressed his interest in obtaining a copy of this document for his review and presentation to the Public Service Commission. I informed him we could provide a copy provided you directed us to do so. Please let me know if you wish us to forward him that copy or if you prefer to do it yourself.

If you should have any questions or comments, feel free to call me at 9864)-580-5662.

Sincerely,
Spartanburg Sanitary Sewer District

A handwritten signature in cursive script that reads "Janet H. Cann".

Janet Hurley Cann, P. E.
Project Manager

JHC:letters/LINVILLEss.doc

Enclosures

CC: Dwight Patterson
Gene Jackson, P. E.

THIS SERVICE AGREEMENT made and entered into this ____ day of _____, 2002, by and between Moore Sewer Inc., (hereinafter referred to as the "Owner"), and Spartanburg Sanitary Sewer District (hereinafter referred to as the "District"),

WITNESSETH:

WHEREAS, the Owner presently owns and operates the Linville Hills Subdivision Lagoon and collection system, hereinafter referred to as the "Collection System" and

WHEREAS under the terms of a Consent Order with SCDHEC, the Owner must eliminate the aforesaid lagoon, and

WHEREAS, the Owner wishes to connect its Collection System to a sewer line owned and operated by the District for transportation of the wastewater to the District's North Tyger River Wastewater Treatment Plant hereinafter referred to as the "Treatment Plant"; and

WHEREAS, the District is agreeable to accepting the wastewater from the Owner's Collection System upon the following terms and conditions.

NOW, THEREFORE, for and in consideration of the benefits inuring to the parties hereto, the Owner and the District do hereby agree as follows:

1. The Owner shall own and maintain its private Collection System serving the Linville Hills Subdivision, and the District shall have no obligation to maintain or accept ownership of the Collection System.

2. The Owner shall have the right to connect the Collection System to the District's sewer line for disposal of the wastewater. The Owner shall be responsible for the design, permitting, construction and all expenses for the sewer line extension from the District's sewer line to the Owner's Collection System. The sewer line extension shall be designed and constructed in accordance with District standards.

3. The Owner shall limit the flow from the subdivision to a maximum of 36,000 gallons per day of domestic wastewater only.

4. Prior to connection to the sewer line, the Owner shall pay the District's capacity fee in effect at the time of application as based on residential equivalent units (REU) one REU equals 400 gpd.

5. The Owner shall install a District approved flow metering device on the sewer line extension prior to the physical connection to the District's sewer line. The Owner shall be responsible for the upkeep and maintenance of the flow metering device, and the Owner shall allow access to this device by District staff, its agents or designee for billing purposes. Unless required more frequently by the District, the Owner will be responsible for having the flow metering device calibrated at least once annually by an independent instrumentation technician approved by the District. The Owner shall notify the District in advance of the scheduled calibration so as to allow the District the opportunity to observe the calibration should it choose to do so and shall provide written certification to the District of each calibration within fourteen (14) days after the calibration.

6. The District shall accept the wastewater from the Collection System and shall transport it to the Treatment Plant for treatment and ultimate disposal.
7. The Owner shall properly maintain and operate the Collection System to insure that the Treatment Plant is protected from mud, debris, and inflow/infiltration and shall abide by and in accordance with all permit conditions, rules and regulations, and applicable government statutes.
8. The District will bill the Owner each billing cycle for the total volume of wastewater discharged based upon the District's treatment and transportation user charge rate (inside subdistrict rate), which rate is subject to change from time to time. The volume of wastewater discharged to the Treatment Plant will be determined from flow meter readings to be obtained by the District or its agent or designee. If the District's flow measurements establish the presence of inflow/infiltration of water to the District's sewer line or the Treatment Plant, the Owner shall pay a sewer user charge for the inflow/infiltration based upon the applicable sewer user charge rate to the Owner at that time. If the inflow/infiltration is not eliminated within sixty (60) days of a written request to do so from the District, the District may take such corrective measures as it deems necessary to eliminate the inflow/infiltration, and the Owner shall be responsible for the cost of such corrective measures. If the bill for the corrective measures is not paid in full within sixty (60) days from the date of the bill, the Owner shall be subject to disconnection from the system as described in Section 6 of the District's Sanitary Sewer Use Rules and Regulations and such other sanctions as permitted by law.

9. No additional connection of any type will be permitted by the Owner to be made to the District's sewer line, or any extensions thereto, without a written permit issued by the District to make such connection. No extension to the Owner's Collection System will be permitted by the Owner to be made without written notification to the District and a Permit to Construct issued by the South Carolina Department of Health and Environmental Control.

10. The Owner is prohibited from discharging non-domestic wastewater into the sewer line unless application has been made and approval obtained from the District under the provisions of its Industrial Wastewater program and a discharge permit or authorization is obtained from the District. All applicable fees, costs, charges, etc. shall be paid by the discharger, and all the requirements of the discharge permit must be complied with. The flow shall be calculated based on the latest edition of SCDHEC's guidelines for "unit contributory loading to wastewater treatment facilities" and based on the best engineering estimates. The domestic wastewater discharge to the sewer line will be accepted by the District in accordance with all pertinent regulations and available reserve capacity. Failure to comply with all applicable SSSD rules or regulations will be grounds for enforcement action against the Owner, which may include penalties or discontinuance of service.

11. The Owner warrants that it is in a position to and is fully capable of complying with all of the terms and conditions contained herein, and that it is not bound by any agreements or other encumbrances, recorded or unrecorded, which may adversely affect compliance with this Service Agreement.

12. The terms and conditions of this Service Agreement shall be subject to all statutes, rules, policies and regulations governing the operation of the District in all matters under its jurisdiction and control, as now in effect or as shall become effective, and the same are incorporated herein by reference.

13. This Service Agreement shall bind and insure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereunto set their hands and seals the day and year first written above.

Signed, Sealed and Delivered

(1st Witness Signature)

(2nd Witness Signature)

(1st Witness Signature)

(2nd Witness Signature)

MOORE SEWER, INC.

By: _____ (SEAL)
William Teichman

Its: _____

SPARTANBURG SANITARY
SEWER DISTRICT

By: _____ (SEAL)
Graham W. Rich, P. E.
General Manager

By: _____
G. Newton Pressley
Secretary-Treasurer

Spartanburg Sanitary Sewer District

User Charge Rates

Effective 8/1/01

se Charge - \$1.50 Per Bill

Volume Charge - Per 100 Cubic Feet

Inside Sub Districts \$1.49

Outside Sub Districts \$2.42

Unmetered Well Water Systems

Inside Sub Districts \$13.41 Per Month

Outside Sub Districts \$21.78 Per Month



200 COMMERCE STREET

P.O. BOX 251

SPARTANBURG, SC 29304

PHONE: 582-6375

NOTES:

1. USER CHARGE RATES SHALL BE BASED UPON WATER CONSUMPTION AS RECORDED BY WATER SERVICE AGENCIES
2. ONE CUBIC FOOT EQUALS 7.48 GALLONS.
3. THE SUB-DISTRICTS ARE A PART OF THE DISTRICT AND ARE: CITY OF SPARTANBURG (SUB-DISTRICT A), AND SUB-DISTRICT B (METROPOLITAN SUB-DISTRICT B).
4. CONTACT SUB-DISTRICT A (THE CITY OF SPARTANBURG), AND SUB-DISTRICT B (METROPOLITAN SUB-DISTRICT B), FOR SEWER USER CHARGE RATES LEVIED BY THOSE SUB-DISTRICTS.
5. A RECONNECTION CHARGE OF \$250.00 WILL BE MADE IF SERVICE IS DISCONNECTED BY THE DISTRICT FOR NON-PAYMENT OF CHARGES. A CHARGE OF \$125.00 WILL BE MADE WHENEVER THE USER BILL IS PAID PRIOR TO DISCONNECTION WHILE DISTRICT PERSONNEL ARE AT THE USER LOCATION.
6. THERE SHALL BE A LATE CHARGE OF \$10.00 OR 1 1/2 % PER MONTH OF THE USER CHARGE BILL, WHICHEVER IS THE LARGER OF THE TWO, AGAINST ANY BILL 25 DAYS PAST DUE, WHICH IS BILLED ON A DISTRICT CARD. THERE IS NO LATE CHARGE ON SEWER FOR USERS BILLED BY ANY WATER SUPPLY AGENCY.

Post-it® Fax Note	7671	Date	12.28.02	# of pages	1
To	Bill Teichman	From	David Cann		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	582-5405	Fax #			

EXHIBIT THREE

**SPARTANBURG SANITARY SEWER DISTRICT
SANITARY SEWER USE RULES & REGULATIONS**

SCHEDULE C

SEWER USER CHARGE RATES

Effective August 1, 2002

Base Charge - \$1.50 Per Bill

Volume Charge - Per 100 Cubic Feet

Inside Subdistricts	\$1.72
Outside Subdistricts	\$2.65

Unmetered Well Water Systems

Inside Subdistricts	\$15.48 Per Month
Outside Subdistricts	\$23.85 Per Month

Notes:

1. User charge rates shall be based upon water consumption, as recorded by water service agencies.
2. One cubic foot equals 7.48 gallons.
3. The subdistricts are a part of the District, and are: City of Spartanburg (Subdistrict A), and Metropolitan Subdistrict B (Subdistrict B).
4. Contact Subdistrict A (The City of Spartanburg), and Subdistrict B (Metropolitan Subdistrict B) for sewer user charge rates levied by those Subdistricts.
5. A reconnection charge of \$250.00 will be made, if service is disconnected by the District for non-payment of charges. A charge of \$125.00 will be made whenever the user bill is paid prior to disconnection, while District personnel are at the user location.
6. There shall be a late charge of \$10.00 or 1-1/2% per month of the user charge bill, whichever is the larger of the two, against any bill 25 days past due, which is billed on a District card. There is no late charge on sewer for users billed by any water supply agency.

200 Commerce Street
P.O. Box 251
Spartanburg, SC 29304
Phone: (864) 253-9304

**SOUTH CAROLINA
PUBLIC SERVICE COMMISSION**

DOCKET NO. 2002-104-S

In Re:

)
)
) Application of Moore Sewer
) Inc. For Adjustment of Rates
) And Charges for the Provision
) of Sewer Collection and for
) Approval of Certain Contractual
) Relationships
)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one copy of the corrected page 10 of the **Testimony of William G. Teichman** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed thereto and addressed as follows:

✓ Leonardo Jordan
123 Chelsea Street
Moore SC 29301

✓ Ralph W. Longshore, Sr.
112 Rodney Drive
Moore SC 29369

✓ Rickey L. Henderson
112 Linville Dr.
Moore SC 29369

✓ William McAbee
1912 Mark Ct.
Spartanburg SC 29301

✓ Mrs. Kathleen Jackson
PO Box 194
Fairforest SC 29336

✓ Mr. Michael Hollis, Sr.
122 Chelsea Street
Moore, SC 29369

✓ Charles Knight, Esquire
Staff Attorney
SC Department of Consumer Affairs
PO Box 5757
Columbia, SC 29250

David Butler, Esquire
South Carolina
Public Service Commission
PO Drawer 11649
Columbia, SC 29211



Carol Roof

September 4, 2002

Columbia, South Carolina

F:\APPS\OFFICE\WPWIN\WPDOCS\Moore Sewer\CERT.wpd